GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

I&I Department - APGDC & APGIC - Sanction and Release of an amount of Rs.25 crores to APGDC/APGIC as additional funds for the financial year BE 2023-2024 to meet the equity infusion requirement by GoAP entities of APGDC for investment in Godavari Gas Private Limited (GGPL) to enable GGPL to execute the pending works, pay its liabilities and complete the works - Orders - Issued.

INFRASTRUCTURE & INVESTMENT (Airports) DEPARTMENT

G.O.Ms.No.18.

Dated:11-12-2023.
Read the following:-

1. G.O.Ms.No.2, I&I (Airports) Dept., Dated 28.02.2011.
2. G.O.Ms.No.10, I&I (Airports) Dept., Dated 15.06.2011.
3. From the Managing Director, Godavari Gas Private Limited, Lr. dated 30.08.2023.

ORDER:

In the G.O. 1st read above, Andhra Pradesh Gas Distribution Corporation Limited, a 100 % subsidiary of Andhra Pradesh Gas Infrastructure Corporation Limited (APGIC) has been incorporated on 10.01.2011 with an objective of designing/developing Natural Gas Supply/Distribution Network in Andhra Pradesh. In the G.O. 2nd read above, APGDC has been converted into a Joint Venture (JV) company of AP Government Entities and GAIL Gas Ltd. (a wholly owned subsidiary of GAIL (India) Limited with **50:50** equity partnership).

2. In the reference 3rd read above, the MD, GGPL has stated that Consortium of APGDC & HPCL bided for East & West Godavari districts City Gas Distribution (CGD) Project & PNGRB authorized in August 2015 with scheduled completion period by August, 2020. The Consortium of APGDC and HPCL has been formed as a Joint Venture Company on 27.09.2016 with share holding in the ratio of 74:26 by APGDC & HPCL, respectively. The 5 Year plan Project Cost approved by Board Rs. 475 Crores i.e., Promoters contribution of Rs.140 crores and Term Loan of Rs.335 crores. The Canara Bank Sanctioned Term Loan of Rs.335 Crores in March, 2017 with Debt Equity Ratio of 70:30. After little slowdown of Corona pandemic, GGPL made Equity Cash Call Rs. 30.75 Crore in September, 2020 in 76:24 ratio i.e., APGDC- Rs.22.755 crores and HPCL Rs.7.995 crores. The HPCL paid 7.9 crores in October, 2020 and APGDC paid Rs.20.08 crores by March,2022. In light of Pandemic, PNGRB has extended the project Completion date from August, 2020 to September, 2022. Canara bank also extended loan disbursement period and further extension up to August, 2024 is under process. Due to delay in project completion, CGD project cost increased from Rs.475 Crores to Rs.535 Crores and GGPL Board has approved increased Project Cost & source of financing with term loan from Canara Bank from Rs.335 crores to Rs.329 crores and equity from Rs.140 crores to Rs.206 crores with D.E.R 62:38 Ratio.

(Continued on P-2)

Further, upon approval of GGPL Board of increase in Project Cost & its financing, GGPL has made equity Cash call of Rs.113.08 Crores on its promoters APGDC & HPCL on 12 th June,2023 in **76 : 24** ratio. The fund requirement of GGPL is as follow:

Sources of Fund			**Rs. /Crore**
Particulars	Existing Funding	Fund to be Raised	Grand Total
Promoters	Equity (Crore)	Equity (Crore)	
APGDC	76	92.5	168.5
HPCL	24	32.5	56.5
Total Equity	**100**	**125**	**225**
Term Loan	**183**	**146**	**329**
Total Source of Fund	283	271	554
Application of Fund			
Project Vendor Outstanding	-20	20	
Deputation Manpower Cost Outstanding	-15	15	
Revenue Cash flow*	-8	8	
Balance Project work to be Executed	---	227	
Total Application of Fund	283	271	554

3. The Revenue generation of GGPL for last 3 (three) years is as follows:

Particulars	**FY 2020-21** (Rs./Crore)	**FY 2021-22** (Rs./Crore)	**FY 2022-23** (Rs./Crore)
Sales	10.57	28.44	60.08
Expenses	9.94	20.87	52.5
PBDIT (Profit before Depreciation, Interest & Tax)	**0.63**	**7.57**	**7.58**

4. The MD, GGPL further informed that GGPL requires to pay interest Rs.1.5 Crores & its average operating cash expenditure is Rs.70 lakhs per month. As monthly revenue generation is insufficient to meet the cash Opex, GGPL is unable to pay Natural Gas, Petrol & Diesel bills purchased from GAIL & HPCL. As of now, there is an outstanding of Rs.8.50 crores payable to GAIL(India) Limited & HPCL toward product purchase. In addition to above, there is an outstanding of Rs.20 Crores of various Project Vendor since last 2 years.Though there is a total requirement of Rs.227 Crores

(Continued on P-3)

to complete the project, it is prudent to expand the bottleneck infrastructure with minimum additional investment that will generate revenue immediately, so that the present deficit cash requirement can be met & GGPL can survive till full-fledged investment by the promoters.

5. The Managing Director, APGDC requested that GoAP entities may infuse at least Rs.25 crores in APGDC for investment in Godavari Gas Private Limited (GGPL) so that GGPL may execute the pending work & survive to pay its liabilities and to mobilise the Contractor to complete the works. The same was briefed during the review meeting by Chief Secretary, GoAP on 25-08-2023. Subsequently, the Finance Department in principle agreed to the request as the infusion will ensure that the GGPL will be earning its own resources for further continuation.

6. Government after careful examination hereby accord administrative sanction and release an amount of Rs.25 Crores to APGDC/APGIC as additional funds for the financial year under BE 2023-2024 to meet the equity infusion requirement by GoAP entities of APGDC for investment in Godavari Gas Private Limited (GGPL) to enable GGPL to execute the pending works, pay its liabilities and complete the works at the earliest.

7. This order issued with the concurrence of Finance Dept., vide their U.O No. FIN01-FMU0PC/48/2021-FMU-IIEIC, (Computer No.1456144) Dated 27.10.2023.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N.YUVARAJ
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

To
The Managing Director, APGDC, Kakinada.
The Managing Director, APGIC, Kakinada.
The Godavari Gas Pvt. Limited, Kakinada.
Copy to:
The Chairman, GAIL (Gas) Ltd., New Delhi.
The Finance (FMU-I&I, Energy and I&C) Dept.,
The P.S. to Special Chief Secretary to Hon'ble CM.
The P.S to Hon'ble Minister for I&I.
The P.S. to C.S to Government.
The P.S. to Spl. C.S to Govt., I&I Department.
(C.No.INI01-APGD/1/2022-Airports, Comp.No.1655131)

//FORWARDED :: BY ORDER//

C. Kalyanam
SECTION OFFICER